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WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

24 February 1965

ARMY and DOS review(s) completed.

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

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THE SITUATION IN SOUTH VIETNAM

(18-24 February 1965)

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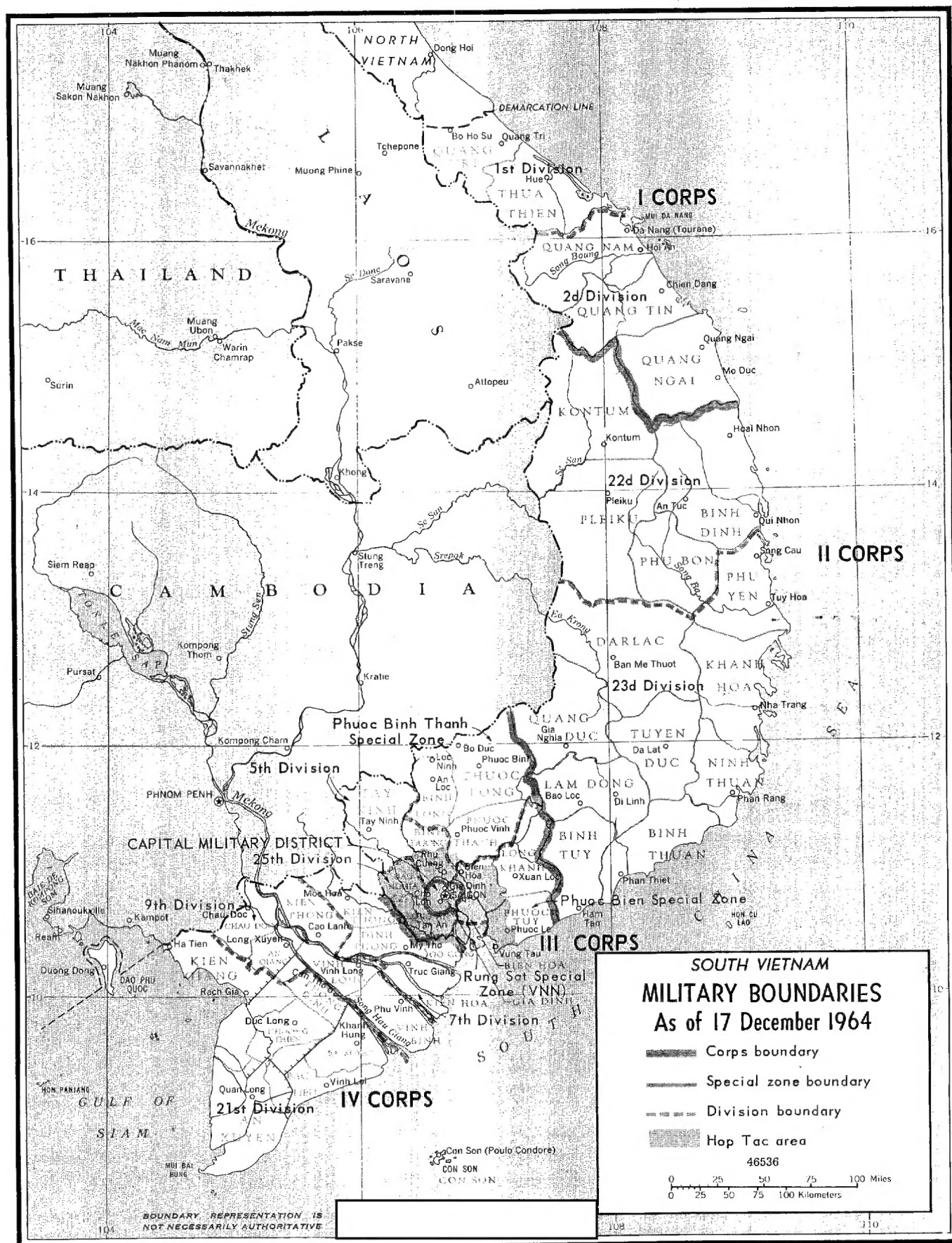
NOTE

Although this report draws on contributions from the several intelligence agencies, it does not necessarily represent a consensus of those agencies.

THE WEEK IN PERSPECTIVE

In what turned out to be an abortive coup attempt followed by a successful counter coup on 19-20 February, General Nguyen Khanh has been deposed as commander-in-chief of the armed forces, but the government of civilian Premier Phan Huy Quat so far remains intact. The situation in the aftermath of the latest political upheaval remains unstable. The appointment of General Tran Van "Little" Minh as acting commander-in-chief appears to be a stopgap arrangement while more volatile generals among the so-called "Young Turks" maneuver for real control of the military against more conservative officers. Moreover, the abortive coup, which had anti-Buddhist, pro-Catholic and even pro-Diem overtones, seems to have sharpened internal divisions and religious animosity and may serve to propel the Buddhists toward increasingly open espousal of a negotiated settlement of the war.

Possibly as a result of the threat of reprisals, there were no spectacular Viet Cong attacks or outrages during the past week. It is nevertheless clear that the Communist insurgents are continuing to make serious inroads into government controlled areas, particularly in the northern and central provinces. The deterioration of security in these areas as a result of growing Viet Cong strength and activity is becoming increasingly serious. In many areas the government forces have gone over almost completely to the defensive leaving the military initiative with the Viet Cong. The recent large arms cache discovered in Phu Yen Province emphasizes the role of sea infiltration to the Viet Cong. Until the security of the coasts can be reasonably assured, additional shipments of arms, agents and supplies via this artery can be expected.



I. SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. The coup attempt of 19 February was primarily organized by Colonel Pham Ngoc Thao, former South Vietnamese press and information officer in Washington who had returned to Saigon about two months ago and had resumed his contacts among field-grade commanders lined up in his previous intrigues. The key figures participating in the coup attempt were, with few exceptions, the same military officers cashiered in a similar abortive attempt against Khanh last September, under the same nominal leader, General Lam Van Phat. Most of the officers involved are Catholics, and many of them have ties with the southern faction of the Dai Viet Party, which Khanh purged from his own government. The coup group had support from certain priests and laymen in militant Catholic refugee circles, and its statements bore strong overtones of sympathy with the former Diem regime. According to Colonel Thao, the aim of the coup was to replace General Khanh with the ambassador to the US, General Tran Thien Khiem, who voiced his approval of the move from Washington and may have been a prime mover.

2. The Thao-Phat coup forces, although they had secured control of key points in Saigon as well as of the Saigon airport, collapsed when they ran into opposition from Air Force Commander General Ky, as well as all of the corps commanders and commanders of most of the specialized services. General Khanh, who escaped to Vung Tau, was able to organize a countercoup force to converge on Saigon, while General Ky, who escaped to Bien Hoa airfield north of Saigon, threatened to bomb units supporting the coup if they did not yield. Amid intensive US efforts to avoid combat between the opposing sides, negotiations were

begun which, mixed with threats, eventually led to the coup's failure. All of the top 14 officers involved in the coup, however, have so far escaped apprehension. In view of the subsequent ouster of Khanh by his own rescuers, this raises the possibility of a deal among the officers on both sides to settle for Khanh's removal.

3. A meeting of the Armed Forces Council on 20 February, together with Khanh and leading members of the Quat government, resulted in a vote of no-confidence in Khanh as armed forces commander. Khanh's status remained in some doubt for the next 24 hours while he remained out of Saigon, inspecting the military situation in II Corps. On 21 February, a decree issued by Chief of State Suu announced that Khanh had been removed and "Little" Minh appointed acting commander in his stead. Khanh's final efforts to rally support from military units in the delta proved fruitless, and he finally agreed in talks with emissaries of the Armed Forces Council to step down and leave the country under face-saving terms. On 22 February, another decree named Khanh "roving ambassador," and he is now scheduled to leave the country, possibly on 25 February, after a formal transfer of his command to Minh. Khanh has publicly implied that he retains substantial support and that he expects to "return at some point."

4. It remains questionable that Khanh's absence will result in early armed forces unity. The appointment of Minh in an "acting" capacity seems to point to a future scramble for control of the armed forces. The leading contenders at the present time appear to be I Corps Commander General Thi, now in Saigon with the title of "Commander of the Liberation Forces" and acting as spokesman of the Armed Forces Council, and Air Force Chief Ky, who has in the past implied that only Khanh and himself had real potential for leadership. In rapid moves to replace Khanh

supporters, Thi, so far unopposed by Ky, appears to be successfully putting his own followers into key positions--national police director, and commands of divisions close to Saigon. These moves are already arousing concern among other officers, particularly in view of Thi's recent inclinations to link his fortunes with the strongly Buddhist element in the I Corps area. General "Little" Minh has reportedly commented that he believes only further instability will result from the presence of Thi and Ky in positions of power. At the same time, generals with potential military support to block Thi and Ky face possible drawbacks in trying to assert themselves. The most prominent of these, General Nguyen Van Thieu, is a Catholic with admitted Dai Viet Party ties. A strong Buddhist reaction might result if he assumed a key role.

5. There are indications of Buddhist apprehension over recent events, based in part on a belief that Khanh's ouster represents in effect a victory for the obviously anti-Buddhist elements in the Thao-Phat coup group. There have been some further suspicions that the US may have had a hand in bringing about Khanh's removal after he had supported the Buddhists in overthrowing the regime of Premier Huong. The Buddhists, however, have expressed no open support for Khanh, stating only that they oppose any coups and will support the Quat government. Privately, many of them state that Khanh's dismissal is an internal armed forces matter, and some welcome his departure. Although there now appears little likelihood that the Buddhist will mount any public campaign on Khanh's behalf, Buddhist monks are making it increasingly evident that they expect to have Buddhist strength felt on the political scene. Recent speeches by Buddhist monks have exhorted their followers to develop a revolutionary political spirit, and Tri Quang and Tam Chau, are both alleged by the press recently to have urged an end to the war.

Actual Buddhist views on the war are still couched in uncertainties. Buddhist leaders privately have made increasing references to the need for a negotiated settlement although still in terms of a divided Communist and non-Communist Vietnam. It is possible that they view the continuing internal struggles under the stress of war as sharpening attitudes against them.

6. Although several moderate Catholics have been reported as critical of the Thao-Phat coup, the coup attempt apparently had collaboration from more militant circles. While the ouster of Khanh is undoubtedly welcome, the emergence of General Thi on the national scene, and the suspicions that he as well as the Quat government are under intense Buddhist pressure, are likely to reinforce Catholic desperation and may encourage further plotting among them. The Quat government reportedly feels it must move cautiously in punishing any of the coup conspirators to avoid further alienation of the Catholics.

Economic Developments

7. There are continuing reports that the VC have increased taxes on rice and in some areas have prevented rice from being sent to market. In addition, rice merchants are holding back stocks and speculating on a price rise. There have also been difficulties in delivering commodities for US-supported programs. In at least two provinces in Central Vietnam, USOM representatives are virtually unable to leave the province capitals. In several provinces there has been an unusual influx of refugees to provincial and district capitals as a result of increased VC pressure and activity. Much heavier VC taxes on commodities transported by truck have increased retail prices to nearly prohibitive levels and orders from merchants in rural areas have slowed considerably. The worsening of the security

situation and use of transportation facilities
to move flood relief and military supplies has
contributed to a growing congestion of commercial
goods in the Saigon port area.

B. MILITARY SITUATION

1. Although Viet Cong activity during the week was less spectacular in nature than in the previous week, the number of incidents reported increased. Enemy actions were most intense in I Corps, except in Quang Ngai where the Viet Cong may be quietly concentrating forces. Viet Cong activity in II Corps was less intense and contrasted sharply with that of the previous week. In III and IV Corps areas, Viet Cong actions were unremarkable but began to pick up by the end of the week. Enemy reaction to the coup attempt was negligible; possible reactions included harassment of the 25th Division Headquarters located in the Hau Nghia Province capital and three district capitals. Enemy railroad sabotage decreased, but Viet Cong harassment forced railroad authorities to discontinue repair operations in the coastal provinces of Binh Dinh, Phu Yen, and Quang Nam. Rail service has been restored on some section but it will be some time before full service can be restored over the central portion of the route.

The security situation in the northern and central provinces of South Vietnam is becoming serious. The Viet Cong are making large gains in the northern provinces and are accelerating their encroachment into areas formerly controlled by the government. The Viet Cong have gained control over additional areas and population in the past few months. Government pacification operations have suffered serious setbacks in the north recently, particularly in the provinces of Quang Ngai and Binh Dinh. Government control is now limited to the environs of district towns in these two provinces. In the four northernmost provinces, the security situation is also steadily deteriorating. Further to the south, the Viet Cong appear to be building up their forces in Phu Yen and Khanh Hoa Provinces. Phu Yen Province has recently experienced a sharp

deterioration of the security situation and ARVN and regional forces have retired to the district towns. This leaves the government on the defensive with the Viet Cong retaining the initiative and de facto control over most of the countryside. The Viet Cong are able to strike objectives and interdict lines of communications in almost all areas of the coastal regions of the northern and central provinces of South Vietnam. The Communist main force units in the north comprise the best trained and organized force in South Vietnam today. They continue to steadily increase the size and military capability of this force through clandestine land and sea infiltration.

The destruction of a 120 foot North Vietnamese vessel displacing 300 tons on 16 February in Phu Yen Province led to the largest single haul of Communist weapons infiltrated into South Vietnam to date. The massive cache of weapons found ashore also provided incontrovertible evidence of North Vietnam's involvement in the South Vietnamese insurgency. The cache included North Vietnamese documents, personal mail and photographs, and between 80-100 tons of munitions, including some 4,000 weapons. Large quantities of ammunition and about 500 pounds of medical supplies were also captured. Most of the weapons were reconditioned Chinese Communist arms, but packing lists indicate that the shipment originated in North Vietnam. COMUSMACV believes that the shipment was intended for the Viet Cong in Phu Yen and Khanh Hoa Provinces, where enemy strength has markedly increased in recent weeks. The large number of individual weapons in the cache further suggests that they were for the use of locally recruited Viet Cong provincial and main force troops. While this discovery indicates the likelihood that similar large shipments may increase, it is believed that they have been occurring all along. The South Vietnamese Navy is ineffective as a blockade force and have allowed wide gaps in the coastline for the clandestine infiltration of enemy agents, cadre, weapons, and

supplies. It now seems probable that supplies and a considerable portion of Communist manufactured weapons are being introduced into South Vietnam via the sea route.

2. Government initiated military operations decreased this past week, including those in contact with the enemy. Since the reporting period ended on 20 February, it does not reflect coup and anti-coup activity by the military. It seems likely, however, that military operations will decrease again next week. There were no government operations last week of any special significance, other than the Communist arms recovery operation currently in progress in Phu Yen Province.

3. Casualties and weapon losses declined from the all time highs of last week. Government casualties dropped sharply to 893 (212 KIA) from 1,558 (290 KIA) last week. Viet Cong casualties also declined to 481 (442 KIA) from 628 (505 KIA). Government losses of weapons totalled 348 compared to 1,106 last week and Viet Cong weapon losses declined to 172 from 198.

Conclusions

There were no spectacular Viet Cong attacks or outrages during the past week, however, it is clear that the Communist insurgents are continuing to make serious inroads into government controlled areas, particularly in the northern and central provinces. The deterioration of security in these areas as a result of increased Viet Cong strength and activity is becoming increasingly serious. In many areas the government forces have gone over almost completely to the defensive leaving the military initiative with the Viet Cong. The recent large arms cache discovered in Phu Yen Province emphasizes the role of sea infiltration to the Viet Cong. Until the security of the coasts can be reasonably assured, additional shipments of arms, agents and supplies via this artery can be expected.

C. PACIFICATION

1. In the face of increased Viet Cong activity and the serious deterioration of security, especially in Central Vietnam, the pacification effort has suffered serious setbacks. Increased Communist military pressure has forced a re-evaluation of the pacification plans in Central Vietnam. On the national level, 1965 provincial pacification plans have not been approved and pacification funds have not been released. Stop-gap funding measures have been put into effect and should allow projects in progress to continue and new ones to be started. Deterioration of security has also caused a reassessment of plans for the deployment of sub-sector advisory teams throughout the country in order to insure that minimum security conditions consistent with the mission will be met.

2. Declining security in I Corps and sabotage activity has suspended all repair activity on the railroad between the cities of Danang and Quang Ngai. This vital stretch of track between these two cities has been virtually abandoned. The high level of Viet Cong sabotage on Route I which parallels its railroad suggests that the Viet Cong are intent on closing these two transportation routes. This would go a long way toward isolating the five northernmost provinces from the rest of the country.

3. In the I Corps zone, increased pressure by reinforced company-size Viet Cong units has forced the government to assign an increased number of troops to static security missions. This has generally weakened GVN influence in cleared areas.

4. Increased Viet Cong activity, mainly against hamlets in the II Corps zone, has forced the corps, division and province chiefs to concentrate their attention on immediate tactical problems rather than on the pacification effort.

In Phu Yen Province, the government's inability to provide adequate security for pacification cadres and local officials led to a flurry of resignations; the loss of some fifty painfully-recruited pacification cadres is a particularly

serious loss. The senior US adviser in the province reports sharp deterioration that government forces have retreated to the district towns, leaving the Viet Cong in control of the rest of the area. The security situation is comparable to that of Binh Dinh Province which has been in serious condition since September.

5. In the III Corps zone, with the exception of the Hop Tac area, pacification progress has been slower than normal. Defoliation operations against Boi Loi forest were terminated on 18 February. By 19 February, more than 1,800 refugees from this area had been resettled in New Life Hamlets in Hau Nghia, Tay Ninh, and Binh Duong Provinces.

6. In IV Corps, sector forces normally engaged in the pacification effort were diverted to conduct search-and-destroy operations. The 1965 pacification plan calls for major efforts in the 7th and 9th division areas, in a coordinated effort to establish a secure belt across the delta to block Viet Cong infiltration to the south.

7. In the Hop Tac area, the pacification effort has moved ahead at about the same pace as in the past several weeks. Ten additional hamlets were added to the list of completed hamlets, bringing the total to 309. Viet Cong harassment against government efforts were at a low level. Hamlet Survey Teams are reported to have sparked positive actions on the part of hamlet chiefs to help the people, a circumstance which has reportedly motivated the people to supply its government with information about the Viet Cong.

II. THIRD COUNTRY DEVELOPMENTS

A. CAMBODIA

1. The preparatory sessions of the Indo-Chinese Peoples Conference, held in Phnom Penh under the auspices of the Sangkum, Sihanouk's mass political organization, were concluded on 17 February. The plenary session is to be held on 25 February. Clear differences have emerged in the course of the preliminary meetings between Tran Van Huu's "Committee for Peace and Renovation of Vietnam" from Paris, and the Communist representatives on the other. The moderates or neutrals, called for elimination of all foreign forces while the Communists aimed fire at the US only. According to a member of Tran Van Huu's delegation and Sangkum sources, the NFLSVN delegation insisted that it alone had the authority to decide on policy regarding South Vietnam. In any event, the preliminary meetings ended with a call for neutralization of South Vietnam, Laos and Cambodia. The Cambodians expect 40 organizations--four from Cambodia, five from Laos, eleven from North Vietnam, and 20 from South Vietnam--to attend the plenary session.

B. PHILIPPINES

1. Ambassador Blair met with President Macapagal and Defense Secretary Peralta 20 February for further discussions concerning a Philippine task force for South Vietnam. Although the results were inconclusive, Macapagal promised to discuss the US proposals for troop allowances and increased MAP assistance with other Philippine leaders. The Philippine Government is clearly reluctant to move quickly on this matter in view of instability in South Vietnam and national elections at home; however, they have not given any indication that they intend to withdraw their offer of additional assistance.

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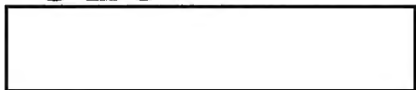
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